

HEALTH CARE REFORM

WHAT IT DOES

HOW IT AFFECTS YOU

The Democrats' overhaul of the nation's health care system will unfold over the next ten years. Some of the changes will take place this year, but some of the most monumental reforms won't be implemented for years.

COVERED

Millions who don't have insurance will have to buy coverage starting in 2014 or pay a fine. There is an exemption for low-income people and subsidies for households making up to \$88,200. For instance:

IF	You are in a family of four	with an income of up to \$29,200	THEN	you will pay no more than	2%	of income for insurance premiums.
IF	You are a family of four	with an income of up to \$88,200	THEN	you will pay no more than	9.5%	of income for insurance premiums.

EMPLOYER COVERAGE

Businesses aren't required to provide coverage for employees ...

BUT	companies with more than 50 employees*	will have to pay	\$2,000 per worker
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*Two part-time workers will count as one full-time worker.

HIGHER OR LOWER PREMIUMS?

Premiums are likely to keep going up either way, experts say.

IF	cost controls work, increases would level off with time, but not likely go down.	BUT	for those who can take advantage of new government tax credits, their insurances costs will go down if they keep the same level of coverage.
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PRE-EXISTING CONDITIONS

Practices such as denying coverage to people with pre-existing conditions will be banned starting in 2014. In the meantime, the government will set up a temporary insurance pool to cover those patients starting this year.

MEDICARE PRESCRIPTIONS

The bill addresses the "doughnut hole" that leaves seniors without prescription coverage after they use \$2,830 worth of drugs in a year but before their out-of-pocket expenses reach \$4,550.

Everyone who enters the "doughnut hole" this year will get a \$250 rebate. Beginning next year, drug discounts will be phased in to close the hole completely by 2020.

MORE TAXES?

A new tax will take effect in 2018 on employer-sponsored health care policies that cost more than \$10,200 for individuals and \$27,500 for families.

A 0.9 percentage point increase in the Medicare payroll tax will be placed on individuals making more than \$200,000, or married couples above \$250,000. For those making more than those levels, the tax will also apply to investment income.

HEALTH CARE EXCHANGES

The idea of a government-run insurance plan has been dropped, but state-based insurance purchasing pools will be available for small businesses, the self-employed and the uninsured to pick a plan.

By bundling those buyers together, the idea is they'd gain cost advantages that they currently don't have buying insurance on their own.

National for-profit plans overseen by the federal government will be among the options. They will be privately run and one will have to be nonprofit. The exchanges won't start operating until 2014.

ADULT CHILDREN ON PARENTS' POLICIES?

Any insurer that provides coverage for dependent children will have to extend it to age 26 starting right away.

WHY ARE STUDENT LOANS ADDRESSED IN THE BILL?

Politically, the student loan provisions were expected to get killed by a Republican filibuster, but it gets a simple majority vote this way. Also, the changes may have helped win over some wavering House Democrats.

The student loan bill will have the government lend money directly, cutting out banks and other financial institutions. That could save billions of dollars that will be redirected to grants for needy students.

IS ABORTION COVERED?

No health plan will be required to offer coverage for the procedure. Plans that do cover abortion will charge separate premiums that will be kept in a separate account from taxpayer money. States could ban abortion coverage in plans offered through the exchange.

THE COST OF COVERAGE

The Congressional Budget Office forecasts that the health care overhaul will cost \$940 billion over 10 years, but savings and taxes will more than pay for it and generate an overall federal budget savings of \$143 billion in that time.

2010-2019 TOTAL: \$940 billion

In billions



HOW FAR DOES \$940 BILLION GO?

If health-reform spending dollar bills were stretched end to end they would fall just short of reaching the sun.*

91,096,770 miles

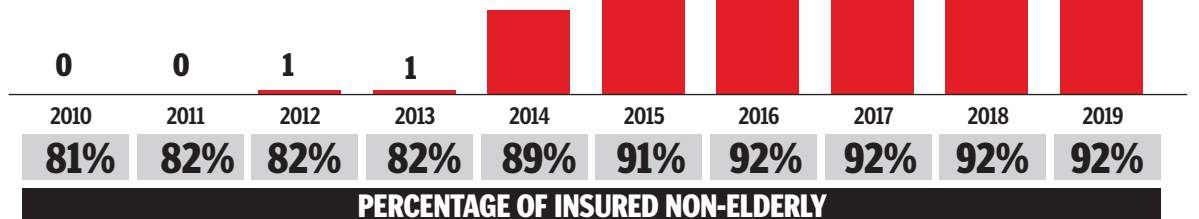
* The average distance to the sun from the Earth is 92,955,888 miles

THE COST AND THE DEFICIT

-\$143 billion

Projected net effect on the federal deficit between 2010 and 2019

MILLIONS OF NEWLY INSURED PEOPLE



WHEN THE BILL WILL TAKE EFFECT

2010

- ▶ A temporary insurance pool will be created by the federal government for those who haven't been able to get private insurance because of pre-existing conditions. The temporary plan will be replaced by the insurance exchanges in 2014. Small businesses could deduct up to 35 percent of what they pay for workers' health insurance.
- ▶ Insurance companies will be banned from dropping patients when they get sick.
- ▶ A nonprofit Patient-Centered Outcomes Research Institute, independent of the government, will be created to study how diseases can be effectively "prevented, diagnosed, treated, monitored, and managed."
- ▶ Insurance plans will be required to extend dependent-care coverage to age 26.
- ▶ Tanning salons will be taxed an additional 10 percent.

2011

- ▶ A new Center for Medicare & Medicaid Innovation will be created to find cheaper and higher quality ways of billing and delivering care.
 - ▶ Drug companies with sales of more than \$5 million will have to pay a fee to the federal government tied to their share of the market.
 - ▶ Workers will see the cost of their employer-sponsored coverage on W-2 forms.
- ### 2013
- ▶ Those under 65 won't be able to deduct health care expenses from their taxes until they spend 10 percent of their income, up from 7.5 percent now.
 - ▶ Health-insurance companies won't be able to deduct executive compensation in excess of \$500,000 per year.

2014

- ▶ New insurance regulations will bar health plans from excluding coverage based on pre-existing conditions. It will be more difficult for insurers to charge higher premiums based on health status, gender or other factors. Premiums can vary only because of age, geography, family size and tobacco use.
- ▶ The health insurance exchanges will start. In each state, the exchanges will allow individuals and small employers to select among standardized health packages.
- ▶ Those who don't qualify for Medicaid, but make less than four times the poverty standard, could get tax credits to help offset the cost of insurance. The credits will be available only to those who are not eligible for insurance or offered other acceptable coverage.
- ▶ Penalties for those who don't buy coverage will be \$95, increasing to \$325 in 2015 and \$695 in 2016, but no more than 2.5 percent of income.
- ▶ Employers with 50 or more employees will have to pay \$2,000 a year for each full-time employee if they don't offer coverage. Employers who offer coverage but whose employees receive tax credits will have to pay \$3,000 for each worker receiving a tax credit.
- ▶ Health insurers will have to pay an annual fee based on market share.

2018

- ▶ A tax on high-cost employer-provided health plans will take effect. The tax will be applied to coverage costs that exceed \$27,500 for a family and \$10,200 for an individual.